



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

October 2002

NATIONAL COMMODITY PRICES TURN AROUND . . . SLOWLY

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity prices for butter and Cheddar cheese both increased compared to last month. Consequently, the price for whole milk increased by ten and six tenths cents per gallon, reduced fat milk increased ten and nine tenths cents per gallon, lowfat milk increased eleven and two tenths of a cent per gallon, and skim milk increased nine and two tenths per gallon.

The national commodity price for Cheddar cheese increased steadily last month, however, the commercial demand for cheese is still sluggish. In addition, the economy continues to remain weak and milk production continues to increase. The seasonal higher demand for dairy products during the upcoming holiday season may help decrease the high levels of butter and cheese storage inventories, which in turn may cause commodity prices to continue to increase.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for November 2002

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.135	\$0.568	\$0.284	\$0.142	\$0.095	\$0.071
Reduced Fat (2%)	\$1.098	\$0.549	\$0.274	\$0.137	\$0.091	\$0.069
Lowfat (1%)	\$1.083	\$0.541	\$0.271	\$0.135	\$0.090	\$0.068
Nonfat (Skim)	\$0.851	\$0.426	\$0.213	\$0.106	\$0.071	\$0.053

Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.159	\$0.579	\$0.290	\$0.145	\$0.097	\$0.072
Reduced Fat (2%)	\$1.121	\$0.561	\$0.280	\$0.140	\$0.093	\$0.070
Lowfat (1%)	\$1.106	\$0.553	\$0.277	\$0.138	\$0.092	\$0.069
Nonfat (Skim)	\$0.876	\$0.438	\$0.219	\$0.109	\$0.073	\$0.055

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.106	\$0.053	\$0.026	\$0.013	\$0.009	\$0.007
Reduced Fat (2%)	\$0.109	\$0.055	\$0.027	\$0.014	\$0.009	\$0.007
Lowfat (1%)	\$0.112	\$0.056	\$0.028	\$0.014	\$0.009	\$0.007
Nonfat (Skim)	\$0.092	\$0.046	\$0.023	\$0.012	\$0.008	\$0.006

California Department of Food and Agriculture (CDFA)

William (Bill) Lyons Jr., Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 654-1456; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

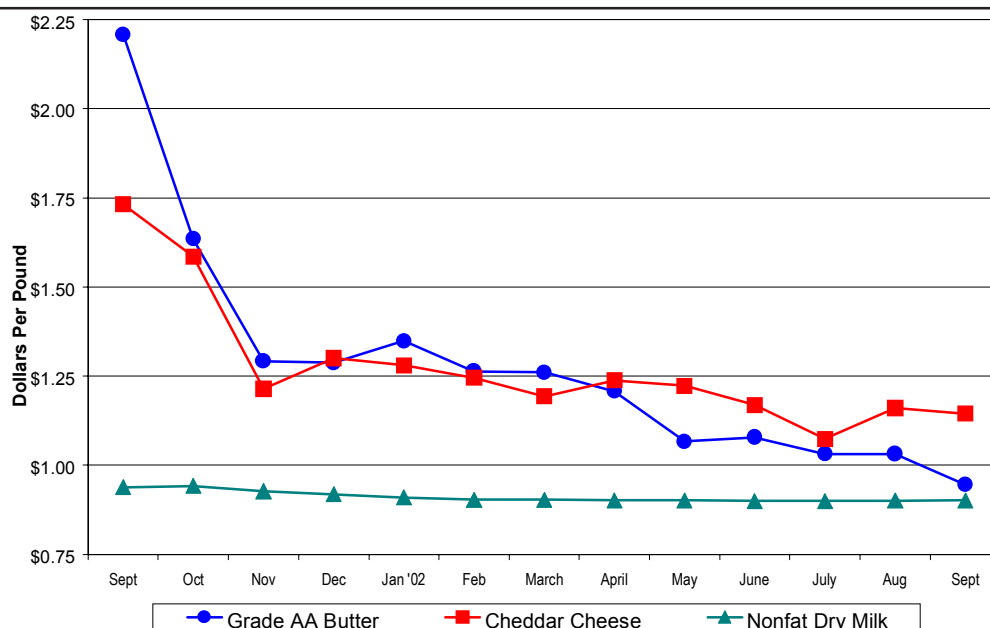
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)	Butter (\$/lb)	Cheese (\$/lb)
February	\$0.21	\$1.32	\$0.51	\$1.11	\$1.04
March	\$0.21	\$1.32	\$0.51	\$1.10	\$1.02
April	\$0.20	\$1.25	\$0.48	\$1.04	\$1.06
May	\$0.20	\$1.25	\$0.48	\$0.92	\$1.02
June	\$0.20	\$1.16	\$0.45	\$0.90	\$0.96
July	\$0.20	\$1.16	\$0.45	\$0.88	\$0.89
Aug	\$0.20	\$1.09	\$0.43	\$0.85	\$0.97
Sept.	\$0.20	\$1.09	\$0.43	\$0.81	\$0.99
Oct.	\$0.20	\$1.05	\$0.41	_____	_____

National Commodity Prices for September 2001 - September 2002

Grade AA Butter,
Block Cheddar Cheese,
and Nonfat Dry Milk
Prices Used in the
Calculation of
California Milk Prices



First Class Mail
U.S. Postage
PAID
Permit No. 81
Sacramento, CA

California Department of Food and Agriculture
1220 N Street, Room A-224
Sacramento, CA 95814-5621

